X-pand into the Future

e u r e x *circular 022/14*

Date: 24 January 2014
Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich and Vendors
Authorized by: Mehtap Dinc

Index derivatives on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR: Incentives for promotion of liquidity

Related Eurex Circular: 014/14

Related Eurex Clearing Circular: 006/14

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Content may be most important for:

Ü All departments

Attachments:

1. Application Form - Designated Market-Making Scheme for ATX®, ATX® five, CECE® EUR and RDX® EUR
2. Quote Obligations - Designated Market-Making for ATX®, ATX® five, CECE® EUR and RDX® EUR

Summary:

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG have decided to offer Designated Market Making (DMM) in the index futures and Permanent Market Making (PMM) in the index options on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR in order to promote liquidity. These products will be admitted to trading on **10 February 2014**.

For the quote obligations for DMM in the index futures, please refer to attachment 2. In return, Designated Market Makers (DMMs) and Permanent Market Makers (PMMs) shall receive a rebate of 80 percent of the transaction fees for contracts concluded on M-accounts until 31 December 2014 (see Eurex Clearing circular 006/14). The refund will be paid monthly if the Market Maker obligations have been fulfilled.

Index derivatives on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR: Incentives for promotion of liquidity

The Management Board of Eurex Deutschland and the Executive Board of Eurex Zürich AG have decided to offer interested Participants the possibility to take part in Market-Making for the new index futures contracts and index options contracts on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR.

As Designated Market Maker (DMM) in index futures respectively Permanent Market Maker (PMM) in index options contracts, Eurex Participants undertake to provide quotes on the bid and ask side for a specified minimum number of contracts while observing maximum spreads and a predefined quotation period.

In return, DMMs and PMMs will receive a transaction fee rebate of 80 percent for all contracts executed on M-accounts up to and including 31 December 2014 in the index futures and options on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR admitted to trading as of 10 February 2014. The rebate will be granted for all transactions on the M-account for order book and OTC transactions. As of 1 January 2015, PMMs shall receive the regular transaction fee rebate of 55 percent for order book transactions and 40 percent for OTC transactions.

The refund for DMMs and PMMs will be paid monthly if the Market Maker obligations have been fulfilled. For the transaction fee rebates granted by Eurex Clearing AG, please refer to Eurex Clearing circular 006/14.

For the application for Designated Market-Making in index futures on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR, please refer to attachment 1. For Permanent Market-Making in index options on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR, no application is necessary.

a) Quote obligations: Designated Market-Making

Quote obligations for the index futures on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR are as follows:

Index futures on	**ATX®**	**ATX® five**	**CECE® EUR**	**RDX® EUR**
Product code	FATX	FATF	FCEE	FRDE
Minimum quote size	10 contracts	10 contracts	10 contracts	50 contracts
Maximum spread	0.75%	0.75%	1.00%	1.00%
Minimum quote duration in % of the quotation period	80%	80%	80%	90%
Expirations to be quoted	Quotation is required in the first two nearest expirations (up to six months)			
Quotation period (CET)	09:00 - 17:30	09:00 - 17:30	09:00 - 17:10	09:00 - 16:30

During the Fast Market phase the minimum quote size is reduced by 50 percent and the maximum spread is increased by 100 percent.

b) Quote obligations: Permanent Market-Making

Permanent Market-Making at Eurex Exchange consists of continuous quotation of a series of strike prices for a predefined number of expirations (maturity range). Continuous quotation must cover 85 percent of the trading hours for RDX® EUR, for index options on ATX®, ATX® five and CECE® EUR 80 percent of the trading hours between 09:00 CET and 17:30 CET per calendar month on each exchange trading day (on a monthly

average). PMMs in index options on the indexes ATX®, ATX® five, CECE® EUR and RDX® EUR are obliged to quote calls and puts in five strike prices (i. e. a total of ten series) out of a window of seven strike prices nearest to the current index price within the maturity range. Quote obligations for index options include the first six expiration months (lifetime up to one year). Currently, no quote requests have to be answered.

Further obligations for the new products and products already admitted to trading are as follows:

Equity index option on	**Product code**	**Spread class**	**Minimum quotation size (contracts)** **PMM**	**Number of expirations to be quoted for PMM** **The first:**
ATX®	OATX	13	**10**	**6**
ATX® five	OATF	13	**10**	**6**
CECE® EUR	OCEE	13	**10**	**6**

Equity index option on	**Product code**	**Spread class**		**Minimum quotation size (contracts)** **PMM**	**Number of expirations to be quoted for PMM** **The first:**
		Expirations			
		£ 4	**> 4**		
RDX® EUR	ORDE	12	13	50	6

During the Fast Market phase the minimum quote size is reduced by 50 percent and the maximum spread is increased by 100 percent.

As of start of trading, the Quote Obligations will be available on the Eurex website www.eurexchange.com for download under the following path:

Trading > Market model > Market-Making > Market Maker obligations

24 January 2014

Application Form – Designated Market-Making Scheme

To
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c/o
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Fax No.: +49-69-211-61 23 13

Application for the Status of Designated Market Maker in Futures on ATX®, ATX® five, CECE® EUR and RDX® EUR

1. We _____
(name of participant, Member ID)

herewith apply for the status of Designated Market Maker (DMM) in

Index futures on	Product ID	Please tick (ü) if required
ATX®	FATX	
ATX® five	FATF	
CECE® EUR	FCEE	
RDX® EUR	FRDE	

for the period from 10 February 2014 until 31 December 2014 (commitment period) under the conditions in this application form in paragraph 1./2. A. of this circular ("application").

2. As a Designated Market Maker

   a) we will provide bid and ask prices in compliance with:

      - the minimum number of contracts,
      - the maximum spreads,
      - the period of time specified (also, and in particular, on a daily basis at the beginning of trading and at the end of trading in the contract), and
      - for the defined contract months

      as specified in the Quote Obligations.

   b) we will give you the name of a manager who has the authorization and expertise necessary to make decisions and act as the coordinator in our firm, who will be available for Eurex with respect to this application;

   c) we will ensure that technical and personnel resources are available for Designated Market Making; and

   d) we will inform Eurex within one business day in the event that we find ourselves temporarily not in a position to fulfill these obligations.

3. In return

   a) Eurex will mention the name of the Eurex participant with Designated Market Maker status in advertising and informative material in connection with the contracts, if applicable;

   b) Eurex will supply speakers and printed material for seminars organized by the Designated Market Makers regarding the index futures on ATX®, ATX® five, CECE® EUR or RDX® EUR;

   c) Eurex will refund 80% of the transaction fees for the newly listed contracts concluded in the respective index futures (see No. 1) by the Designated Market Makers on M-accounts up to 31 December 2014 if the Designated Market Maker fulfils the obligations. The refund for the respective month will be calculated at the beginning of the subsequent month. No refunds will be made for contracts traded on A- or P-accounts or if the Quote Obligations are not fulfilled.

4. Compliance with the obligations stated under No. 2 shall be monitored by Eurex. In the event that the obligations stated under No. 2 are not met by us, Eurex shall have the right to terminate the agreement and to publicly disclose the termination of the Designated Market Maker status at Eurex' discretion. In this case, Eurex shall be released from its obligations pursuant to No. 3 with immediate effect.

5. In the event of a significant change in the Contract Specifications for the contract or due to a revision of the law or rules with respect to the contract, we as well as Eurex have the right to terminate the DMM status with immediate effect or to renegotiate the requirements indicated in paragraph 2 and/or in the associated Quote Obligations.

6. Eurex shall have the right to amend or expand one or more of the conditions laid down in this agreement for limited periods of time at its sole discretion with validity for all Designated Market Makers, if it deems this appropriate (for example, in circumstances which lead to

high market volatility or if such amendments or expansion is not expected to have an adverse effect on market quality). In the event that Eurex amends or expands one or more conditions, the Designated Market Makers must, for their part, ensure that the Designated Market Makers can also be promptly advised that this situation has ceased to exist.

7. Other than the aforementioned measures, no special status at Eurex shall be accorded to the participant in conjunction with the Designated Market Maker status, which expires on 31 December 2014. After that time, the title "Designated Market Maker" can no longer be used unless otherwise agreed with Eurex.

8. Quote Obligations for the Index Futures: see attachment 2 of this Eurex Circular.

9. Exclusively the law of the Federal Republic of Germany applies to this agreement. Sole place of jurisdiction for all disputes in connection with this agreement is Frankfurt am Main.

SHOULD BE FILLED OUT BY THE PERSON DESIGNATED IN ACCORDANCE WITH NUMBER 2. b)

_____
Name / Address of company

_____ _____
Name of the Representative Position

_____ _____
Phone Fax

_____
Place, date

_____ _____
(Signature / Stamp of the company) E-mail address

Please send the completed application for the status of Designated Market Maker to the fax number stated on page 1.

Designated Market-Making for ATX®, ATX® five, CECE® EUR and RDX® EUR index futures

Quote Obligations

	ATX®	ATX® five	CECE® EUR	RDX® EUR
Eurex code	FATX	FATF	FCEE	FRDE
Minimum size	10 contracts	10 contracts	10 contracts	50 contracts
Maximum spread	0.75%	0.75%	1.00%	1.00%
Minimum quote duration	80%	80%	80%	90%
Expirations to be quoted	Quotation is required in the series with the two nearest expirations (up to six months)			
Observation period (CET)	09:00 – 17:30	09:00 – 17:30	09:00 – 17:10	09:00 – 16:30
Designated Market Maker fees	10 February 2014 up to 31 December 2014 Refund of 80 percent of the trading and clearing fees for contracts traded on M-Accounts			

In Fast Market maximum spreads will be increased by 100 percent and the minimum quote size will be reduced by 50 percent.